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C O N F I D E N T I A L SECTION 01 OF 02 TASHKENT 000632

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TAGS: ECON KZ PGOV PREL UZ EINV  
SUBJECT: KAZAKH AMBASSADOR ON NAZARBAYEV'S VISIT

REF: A. A) TASHKENT 529

¶B. B) TASHKENT 515

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¶11. (C) Summary: Kazakh President Nazarbayev signed several cooperation agreements with President Islam Karimov during his Navruz visit to Tashkent. Kazakh Ambassador Kabdrakhmanov said the visit was successful, but discussions will continue on reducing excise tariffs and oil and gas investments. While he acknowledged Nazarbayev,s comments on outside forces involved in Andijon, wanting to destabilize Kazakhstan, he suggested it was just meant to acknowledge that anything happening in the Ferghana Valley affects the whole region. Additionally, he said that the GOU refused to discuss migrant Uzbek workers in Kazakhstan. The Uzbek press reported little substantive on the event, focusing instead on glorifying the cultural ties and history. The MFA refuses to comment. Kabdrakhmanov speculated that Karimov,s personal dislike for Afghan President Karzai was the catalyst for tensions in the Uzbek-Afghan relationship. End summary.

¶12. (C) On March 28, the Ambassador discussed the recent visit by Kazakh President Nursultan Nazarbayev to Tashkent with Kazakh Ambassador Kabdrakhmanov. Kabdrakhmanov said the visit was successful, and that since 2004 the bilateral relationship has improved greatly, especially in security cooperation. He said the new Kazakh security chief was part of the delegation and held talks with his Uzbek counterparts. According to Kabdrakhmanov, Nazarbayev told Karimov that their two countries have different foreign policy interests, and Kazakhstan intends to maintain good relations with the U.S., as well as with Russia and China. On an interesting regional note, Kabdrakhmanov speculated that Karimov does not like Afghan President Karzai. He said that when Karimov hosted Karzai in 2005, &something happened8 that soured the relationship. Kabdrakhmanov attributes the current cool relationship between Afghanistan and Uzbekistan to Karimov,s personal dislike.

¶13. (C) During a state dinner attended by local ambassadors, Nazarbayev made glowing comments about Karimov, even going so far as to state that the Kazakhs had evidence of outside involvement in Andijon (ref A). Kabdrakhmanov acknowledged Nazarbayev,s statements, but said that he had not seen any such evidence. He then attempted to spin Nazarbayev,s comments, saying the intended message was that events in the Ferghana Valley affect the whole region.

¶14. (C) Karimov and Nazarbayev signed several agreements on cooperation, including pest control, protection of

intellectual property, and on delineating the border. Kabdrakhmanov told the Ambassador that the two sides agreed to end custom duties, except on tobacco and alcohol. He said &further work is required8 on these goods, as well as on excise taxes. Uzbekistan,s budget through 2007 depends on these taxes. The presidents also agreed to form an Interstate Coordination Council, composed of officials from the highest levels of government, to work on economic cooperation and monitor existing programs.

¶15. (C) Kazakh businesses are eager to invest in Uzbekistan, said Kabdrakhmanov, though new investors want at least 51% control of joint-ventures. New investment would likely focus on oil, gas and metals. He said Kazakh investors complain of the same things as other foreign companies, including difficulties with currency conversion and bureaucratic hurdles.

¶16. (C) During the visit, the GOU was unwilling to discuss the ethnic Uzbeks living and working in Kazakhstan (ref B), said Kabdrakhmanov. Uzbek workers in Kazakhstan, he said, often must be trained or retrained because Uzbek industries are antiquated. The GOK has even seen a surge in ethnic Kazakhs, living in Uzbekistan, returning to Kazakhstan for work. Kabdrakhmanov expressed the GOK,s concern for the over one million ethnic Kazakhs in Uzbekistan. He said the GOK supplies Kazakh language textbooks to many schools here.

¶17. (C) Comment: Kabdrakhmanov,s comments to the U.S. Ambassador differ somewhat from the local press coverage (and hence the GOU) that glorified the visit and the historical ties between the neighbors. While the visit was an important step forward in Kazakh-Uzbek relations, from Kabdrakhmanov,s comments it was not the renaissance of foreign policy that promises close cooperation and prosperity for all depicted by

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the GOU. While Karimov appeared to adulate both Nazarbayev and the Kazakhs, the Kazakh Ambassador portrayed Nazarbayev and Kazakhstan,s foreign policy in a more pragmatic light. When asked by poloff, the MFA refused to comment on the visit, directing her to an interview with Kabdrakhmanov.

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